

Message Text

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PAGE 01 OECD P 14329 01 OF 03 131120Z

15

ACTION EUR-25

INFO OCT-01 EA-11 ISO-00 AID-20 CEA-02 CIAE-00 COME-00

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O R 131102Z JUN 74

FM USMISSION OECD PARIS

TO SECSTATE WASH DC IMMEDIATE 2975

INFO AMEMBASSY CANBERRA

AMEMBASSY VIENNA

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PAGE 02 OECD P 14329 01 OF 03 131120Z

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C O N F I D E N T I A L SECTION 01 OF 03 OECD PARIS 14329

E.O. 11652: GDS
TAGS: ENRG, OECD
SUBJECT: MEETING OF OECD OIL COMMITTEE, JUNE 11, 1974

REF: OECD PARIS 14208

1. SUMMARY: OWING TO SHORT TIME AVAILABLE TO MEMBER GOVERNMENTS TO REVIEW THREE AD HOC WORKING GROUPS' REPORTS ON ACCELERATED DEVELOPMENT OF CONVENTIONAL ENERGY RESOURCES, CONSERVING ENERGY AND DEMAND RESTRAINT, AND OIL SHARING IN TIMES OF EMERGENCY AND SEVERE SHORTAGE, COMMITTEE AGREED THAT WRITTEN COMMENTS SHOULD BE PROVIDED TO SECRETARIAT BY JUNE 30 FOR FURTHER CONSIDERATION BY AD HOC GROUPS, WITH OBJECTIVE OF OIL COMMITTEE TAKING ACTION ON THE REPORTS AT NEXT MEETING SCHEDULED FOR OCT 2, 1974. COMMENTARY ON THESE REPORTS DID NOT VARY SUBSTANTIALLY FROM THAT AT HLG MEETING REPORTED REFTEL. REMAINDER MEETING TAKEN UP LARGELY WITH PRESENTATIONS AND DISCUSSION OF OIL SUPPLY AND PRICE SITUATIONS AND OF REPORTS ON OIL STOCKS AND ON SEVERAL ASPECTS OF LONG-TERM ENERGY ASSESSMENT. WANSINK (NETHERLANDS) REELECTED AS CHAIRMAN WITH TOYONAGA (JAPAN) ELECTED TO REPLACE RETIRING PIGA (ITALY) AS VICE-CHAIRMAN. CHAIRMAN WATTS AND VICE-CHAIRMAN HANSON OF GENERAL WORKING GROUP WERE ALSO REELECTED. END SUMMARY

2. WANSINK (NETHERLANDS) REELECTED CHAIRMAN; US DEL NOMINATED AND OIL COMMITTEE ELECTED TOYONAGA (JAPAN) TO REPLACE PIGA (ITALY) AS VICE-CHAIRMAN. WATTS (UK) AND HANSON (DENMARK) REELECTED CHAIRMAN AND VICE-CHAIRMAN RESPECTIVELY OF GENERAL WORKING GROUP.

3. WANSINK POINTED OUT THAT, AT ITS MEETING THE DAY BEFORE, THE HLG RECOMMENDED TO THE OIL COMMITTEE THAT, CONFIDENTIAL

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PAGE 03 OECD P 14329 01 OF 03 131120Z

DUE TO SHORT TIME AVAILABLE THUS FAR TO REVIEW AND COMMENT UPON REPORTS OF THREE AD HOC GROUPS ON ACCELERATED DEVELOPMENT, CONSERVATION AND DEMAND RESTRAINT, AND OIL SHARING, MEMBER COUNTRIES SHOULD PROVIDE WRITTEN COMMENTS BY JUNE 30 TO SECRETARIAT FOR FURTHER CONSIDERATION BY THE GROUPS. OBJECTIVE WAS THAT OIL COMMITTEE SHOULD BE IN POSITION MAKE DECISIONS ON THESE AT ITS NEXT MEETING, WHICH LATER SCHEDULED FOR

OCT 2, 1974, OR PERHAPS EARLIER IF CIRCUMSTANCES SO WARRANTED. THIS RECOMMENDATION ACCEPTED BY OIL COMMITTEE.

4. OVERALL VIEW OIL COMMITTEE MEMBERS WAS THAT THREE AD HOC GROUPS HAD DONE EXCELLENT JOB IN TIME AVAILABLE AND THAT, SUBJECT TO MORE DETAILED STUDY BY MEMBER COUNTRIES, REPORTS IN GENERAL ACCEPTABLE. COMMENTS ON THEM ARE LIMITED TO THOSE NOT ALREADY COVERED IN REFTEL.

5. ACCELERATED DEVELOPMENT: PORTUGAL RAISED QUESTION OVER-LAPPING OF RESPONSIBILITIES OF OIL AND ENERGY COMMITTEES. WANSINK RESPONDED THAT, WHILE THERE WAS SOME INEVITABLE AND USEFUL OVERLAPPING IN WORK THOSE TWO COMMITTEES, COORDINATION WAS ASSURED BY ATTENDANCE CHAIRMAN OF ENERGY COMMITTEE AT MEETINGS OF BOTH HLG AND OIL COMMITTEE. IN HIS PRESENTATION OF REPORT, SPAAK, CHAIRMAN OF AD HOC GROUP, SAID THAT PROTECTION OF LARGE INVESTMENTS IN HIGH-COST DOMESTIC ENERGY SUPPLIES AGAINST POTENTIAL REDUCTION IN PRICE OF IMPORTED OIL AND INFO EXCHANGES ON THEIR NATIONAL ENERGY POLICIES WERE KEY ISSUES WHICH OECD MEMBER COUNTRIES MUST CONSIDER CAREFULLY.

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PAGE 01 OECD P 14329 02 OF 03 131124Z

12

ACTION EUR-25

INFO OCT-01 EA-11 ISO-00 AID-20 CEA-02 CIAE-00 COME-00

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O R 131102Z JUN 74
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PAGE 02 OECD P 14329 02 OF 03 131124Z

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C O N F I D E N T I A L SECTION 02 OF 03 OECD PARIS 14329

6. CONSERVATION AND DEMAND RESTRAINT: SWISS DEL
QUESTIONED WHETHER OIL COMMITTEE COULD MAKE REASONABLE
DECISIONS ON POLICY AND INSTITUTIONAL ISSUES RAISED IN
THIS REPORT UNTIL LONG-TERM ENERGY ASSESSMENT COMPLETED
BY END OCTOBER. HE ALSO SUGGESTED PROVISION OF A
"SYNOPTIC TABLE" BY SECRETARIAT TO SET FORTH ALL THE
INFORMATION THAT THE THREE AD HOC GROUPS WERE SUGGESTING
THAT THE OECD PULL TOGETHER.

7. OIL SHARING IN EMERGENCY: FOLLOWING PRESENTATION
HIGHLIGHTS OF REPORT BY CHAIRMAN OF WORKING GROUP
(VAN RHIJN), DISCUSSION FOCUSED ON DESIRABILITY OF
FORMAL LINK BETWEEN SHARING SCHEME AND OTHER EMERGENCY
PROGRAMS SUCH AS STOCKPILING AND DEMAND RESTRAINT.

NORWAY AND UK REITERATED SUPPORT FOR LINK THEY HAD GIVEN IN HLG, BUT WITH GREATER EMPHASIS. UK POINTED OUT THAT WITH EFFECTIVE DEMAND RESTRAINT AND ADEQUATE STOCKPILES MEMBER COUNTRIES COULD AVOID NECESSITY OF SHARING OIL AT ALL IN MOST EMERGENCY SITUATIONS. SWITZERLAND SUPPORTED LINK. EC REPRESENTATIVE SPAAK, SPEAKING FOR COMMUNITY, TOOK POSITION THAT PROGRESS IN AGREEING ON A SHARING SCHEME SHOULD NOT BE DELAYED BY AN EFFORT TO DEVISE A MORE COMPREHENSIVE PROGRAM INCLUDING DEMAND RESTRAINT AND STOCKPILING. CHAIRMAN WANSINK CONTINUED TO STRESS URGENCY OIL COMMITTEE MOVING FORWARD TO DECISION ON SHARING AS KEY ELEMENT IN COOPERATION ON ENERGY. FRANCE OFFERED NO COMMENT ON THIS REPORT. RE SPECIFIC OPTIONS, SWEDEN AND EC FAVORED SHARING BASED ON COMBINATION OF IMPORTS, ESSENTIAL NEEDS AND CONSUMPTION AND THE SEMI-AUTOMATIC TRIGGER. COMMITTEE IN END ACCEPTED GUIDELINES OF HLG REQUESTING WORKING GROUP TO FURTHER REFINE AND ELABORATE THE ABOVE COMBINATION BASIS FOR SHARING AND CONFIDENTIAL

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PAGE 03 OECD P 14329 02 OF 03 131124Z

THE SEMI-AUTOMATIC TRIGGER AND TO LOOK AGAIN AT BLOC ALLOCATION SYSTEM WHICH DREW SOME CRITICISM FROM UK AND NORWAY AS IT DID IN HLG. WORKING GROUP ALSO ASKED TO REVIEW SPECIAL ALLOCATION SECTION OF REPORT TO INCLUDE POSSIBLE REFERENCE TO REQUIREMENTS LESS DEVELOPED COUNTRIES AS PROPOSED BY TURKEY AND SUPPORTED BY PORTUGAL. AS IN CASE OTHER TWO REPORTS OIL COMMITTEE MEMBERS INVITED SUBMIT WRITTEN COMMENTS TO SECRETARIAT BY JUNE 30.

8. OIL SUPPLY, PRICES AND BILATERAL SITUATIONS: U.S. DELEGATION CONTRIBUTED BULK OF COMMENT ON OIL SUPPLY AND PRICE SITUATIONS. NORWAY AND UK REPORTED ON THEIR LATEST ESTIMATES OF RESERVES AND FORECASTS OF PRODUCTION OF OIL AND NATURAL GAS IN NORTH SEA. US DELEGATION MADE TEXT OF JUNE 8 JOINT COMMUNIQUE ON SAUDI/US TALKS AVAILABLE TO MEMBERS OIL COMMITTEE.

9. OIL STOCKS: REINFRANK OF SECRETARIAT IN SUMMARIZING REPORT OF STOCK SITUATION IN OECD EUROPEAN MEMBER STATES INDICATED THAT STOCKS AVAILABLE ON JANUARY 1, 1974 WERE JUST ABOUT SAME AS JANUARY 1, 1973 AND THAT ON APRIL 1, 1974 STOCKS WERE 10.7 PERCENT HIGHER THAN YEAR EARLIER. DISCUSSION CENTERED ON RECOMMENDATION THAT EUROPEAN COUNTRIES MOVE QUICKLY TO 90-DAY STOCK OBJECTIVE AND ON INVITATION TO NON-EUROPEAN MEMBER STATES TO JOIN STOCKPILE PROGRAM. UK, BELGIUM AND ITALY IN VARYING DEGREES INDICATED SUPPORT OF PROGRAM BUT NOTED SPECIFIC PROBLEMS IN MEETING TARGET OF 90 DAYS BY JANUARY 1, 1975, WITH SPECIAL

REFERENCE TO DESIRABILITY NOT PUSHING UP ALREADY HIGH OIL PRICES BY INCREASING DEMAND. JAPAN POINTED UP MAGNITUDE ITS PROBLEM IN MEETING STOCK PROGRAM, INCLUDING ABOVE CONSIDERATIONS AND PHYSICAL LIMITATIONS OF LOCATING STORAGE IN JAPAN ITSELF. NEW ZEALAND STATED IT WOULD BE ASKING ASSISTANCE ON BILATERAL BASIS FROM THOSE COUNTRIES WITH COMPREHENSIVE STORAGE PROGRAMS IN DEVELOPING THE PHYSICAL AND FINANCIAL DIMENSIONS OF ITS OWN STOCK PLANS.

10. COLLECTION OF OIL SUPPLY AND PRICE INFORMATION:
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PAGE 04 OECD P 14329 02 OF 03 131124Z

ITEMS ON THE AGENDA RE DATA COLLECTION WERE REFERRED TO GENERAL WORKING GROUP FOR CONSIDERATION.

11. LONG-TERM ASSESSMENT: REPORTS OF THREE CONSULTANTS ON NATURAL GAS, TRANSPORT AND RESERVES WERE WELL RECEIVED AND REVISED REPORTS WILL BE ISSUED REFLECTING COMMENTS OF MEMBER STATES. FIRST DRAFT REPORT OF LONG-TERM ENERGY ASSESSMENT WILL BE AVAILABLE BY END JULY.

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PAGE 01 OECD P 14329 03 OF 03 131131Z

12
ACTION EUR-25

INFO OCT-01 EA-11 ISO-00 AID-20 CEA-02 CIAE-00 COME-00

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O R 131102Z JUN 74
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PAGE 02 OECD P 14329 03 OF 03 131131Z

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C O N F I D E N T I A L SECTION 03 OF 03 OECD PARIS 14329

12. RESEARCH & DEVELOPMENT: FOLLOWING US OBJECTION,
ON GROUNDS PROPOSAL RECEIVED TOO LATE TO CONSIDER, EC
DRAFT TERMS OF REFERENCE TO STRENGTHEN AND FOCUS OECD
R&D ACTIVITIES WERE CHANGED TO REQUEST THAT AN EFFORT
BE MADE BY APPROPRIATE OECD COMMITTEES CONSIDER QUESTION.
SPECIFICALLY, THEY ASKED TO DEVELOP: IDENTIFICATION OF
PRIORITY R&D AREAS FOR INTERNATIONAL COOPERATION,
DEFINITION OF COOPERATION PROCEDURES TO BE ADOPTED AND
APPROPRIATE METHODS OF FINANCING FOR THE DIFFERENT
APPROACHES ENVISAGED, AND DEFINITION OF METHODS FOR THE
TRANSFER AND EXCHANGE OF KNOWLEDGE ACQUIRED IN THE

FRAMEWORK OF INTERNATIONAL SCIENTIFIC COOPERATION AND
EXAMINATION OF THE PROBLEMS ASSOCIATED WITH INDUSTRIAL
PROPERTY.

13. PRESS COMMUNIQUE: PROPOSAL BY CHAIRMAN TO DEVELOP
WRITTEN COMMUNIQUE EXPRESSING INTER ALIA CONCERN OVER
POSSIBLE OIL PRICE INCREASE AT QUITO WAS REJECTED AFTER
SEVERAL DELEGATIONS INCLUDING US QUESTIONED WISDOM
SUCH MOVE AND BECAUSE OF CONCERN OVER LIKELY MIS-
INTERPRETATION OF LANGUAGE USED. INSTEAD, IT AGREED
THAT LANTZKE, HEAD OF NEW ENERGY DIRECTORATE OF OECD
WOULD GIVE ORAL PRESS BRIEFING ALONG LINES THAT
COMMITTEE HAD REVIEWED OIL SUPPLY AND PRICE SITUATIONS,
HAD NOTED IMPACT ON DEMAND OF HIGH OIL PRICES, HAD
EXPRESSED CONCERN THAT MISUNDERSTANDING OVER OIL COMPANY
PROFITS COULD LEAD TO ACTIONS BY PRODUCING COUNTRIES
WITH RESPECT TO INCREASE TAXES, THEREBY FURTHER
INCREASE PRICES WITH FURTHER SERIOUS EFFECTS ON ALREADY
OVERLADENED CONSUMING COUNTRIES AND THE INTERNATIONAL
ECONOMY. LANTZKE ALSO TO INDICATE THAT REPORTS OF AD
HOC WORKING GROUPS WERE CONSIDERED BY OIL COMMITTEE.
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PAGE 03 OECD P 14329 03 OF 03 131131Z

14. NEXT MEETING: OIL COMMITTEE WILL NEXT MEET ON
OCTOBER 2 OR EARLIER IF CIRCUMSTANCES SO WARRANT.
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Message Attributes

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